

Message Text

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ORIGIN PM-07

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DRAFTED BY PM/SAS:JLCLUNAN/RS

APPROVED BY PM/SAS - WILLIAM H. LEWIS

L/PM - MR. BOREK (DRAFT)

PM/SAS - MR. GREY

ARA/EP - MR. GUT,RIE (DRAFT)

ARA/PLC - COL. WILLIAMS (DRAFT)

DOD/DSAA - MR. BILLINGS (SUBST)

----- 062797

R 280134Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY QUITO

INFO USCINCSO

C O N F I D E N T I A L STATE 039864

E.O. 11652: GDS

TAGS: MASS, EC, US

SUBJECT: FOREIGN MILITARY SALES

REFERENCES: (A) QUITO 1177, 212023Z FEB 74; (B) SECDEF

-----071637Z FEB 74

1. AS STATED PARA 5, REF B, FIGURE OF DOLS 3 MILLION REPRESENTS EXCLUSIVELY THE FMS CREDIT REPEAT CREDIT PROGRAM LEVEL PLANNED FOR ECUADOR IN FY 75. THIS PLANNING FIGURE IN NO WAY REPRESENTS COMMITMENT TO PROVIDE THIS AMOUNT. ACTUAL FY 75 CREDIT ALLOCATION TO ECUADOR MAY BE MORE OR LESS, DEPENDING ON ACTUAL CONGRESSIONAL AUTHORIZATIONS AND APPROPRIATIONS, POLITICAL CONSIDERATIONS, AND OTHER FACTORS EXTANT AT THE TIME ACTUAL ALLOCATION OF FY 75 FUNDS ARE MADE.

2. FY 75 FMS PLANNING FIGURE FOR ECUADOR DOES NOT REPRESENT
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EITHER QUOTE CEILING UNQUOTE OR QUOTE LIMIT UNQUOTE ON SALES

OF MILITARY EQUIPMENT TO ECUADOR. CASH SALES AND SALES FINANCED WITH COMMERCIAL CREDIT WOULD NOT BE AFFECTED BY DOLS 3 MILLION FMS CREDIT FIGURE. FOLLOWING POINTS EXPLAIN WHY FMS PLANNING FIGURE IS TENTATIVE.

- A. SITUATION CAN CHANGE DUE TO FACTORS DESCRIBED PARA L.
- B. EXCLUSIVE OF TRAINING FUNDS, LAW (SECT. 33, FMS ACT)

PRESENTLY LIMITS FUNDING OF GRANT ASSISTANCE, CREDITS, THE PRINCIPAL AMOUNT OF THE LOANS GUARANTEED BY FMS FUNDS TO AGGREGATE OF DOLS 150 MILLION. WE ARE SEEKING TO CHANGE FY 75 LEGISLATION TO INCREASE THIS AGGREGATE TO DOLS 200 MILLION, OR, IF POSSIBLE, RE-MOVE CEILING ALTOGETHER. IF WE ARE UNSUCCESSFUL, THE DOLS 150 MILLION AGGREGATE WILL PERTAIN AND DECREASES IN INDIVIDUAL COUNTRY PROGRAMS WILL BE NECESSARY.

- C. APPEARS NORTHROP REP HAS APPLIED ABOVE-DESCRIBED LEGISLATIVE CEILING ON LATIN AMERICAN REGION TO PROGRAM PLANNING LEVEL FOR INDIVIDUAL COUNTRY. IT IS CORRECT THAT GOE FMS CASH PURCHASES AND COMMERCIAL PURCHASES NOT FINANCED WITH LOANS GUARANTEED BY FMS FUNDS WOULD NOT BE CHARGED AGAINST REGIONAL CEILING. HOWEVER, THERE IS NO REPEAT NO STATUTORY DOLLAR CEILING ON MILITARY SALES AND ASSISTANCE TO ANY LATIN AMERICAN COUNTRY PER SE UNDER PRESENT LEGISLATION. FMS CREDIT FIGURES BEING PRESENTED TO CONGRESS (REF B) ARE ILLUSTRATIVE.

- 3. COPY OF FOREIGN ASSISTANCE ACT OF 1973 WHICH, INTER ALIA, AMENDED FOREIGN MILITARY SALES ACT WAS POUCHED TO YOU FEBRUARY 21. CASEY

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